

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In Re: W.R. GRACE & CO., et al., Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (JKF)
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**FEE AUDITOR'S FINAL REPORT REGARDING
FEE APPLICATION OF WALLACE, KING, DOMIKE & BRANSON, PLLC¹
FOR THE FOURTEENTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Fourteenth Interim Fee Application of Wallace, King Domike & Branson, PLLC (the "Application").

BACKGROUND

1. Wallace, King, Domike & Branson, PLLC ("Wallace King") was retained as special litigation and environmental counsel to the Debtor. In the Application, Wallace King seeks approval of fees totaling \$356,997.80² and costs totaling \$155,507.21 for its services from July 1, 2004, through September 30, 2004.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule

¹The firm was formerly known as Wallace King Marraro & Branson, PLLC.

²Although the Application requests \$356,997.80 in fees for this period, this amount reflects a 40% reduction, \$134,417.40, for time spent with regard to the Honeywell litigation. The actual amount of fees that we reviewed is \$491,415.00.

2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served on Wallace King an initial report based on our review, and received a response from Wallace King, portions of which response are quoted herein.

DISCUSSION

3. In our initial report, we noted that during the application period MM traveled to and from the Library of Congress. The total time spent was 4.20 hours for a fee of \$609.00. The entries are provided below.

07/12/04	MM	1.30; travel to and from Library of Congress re: stated research project (1.1).
07/19/04	MM	3.10; travel to and from Library of Congress re: research of stated project (1.4);.....
07/20/04	MM	1.70	Travel to and from Library of Congress re research project

Rule 2016-2(d)(viii) states, "Travel time during which no work is performed shall be separately described and may be billed at no more than 50% of regular hourly rates." We asked Wallace King to explain why the billing for these time entries should not be reduced by 50%. The firm responded as follows:

We accept the Fee Auditor's adjustment and hence would reduce the travel time by 50%.

We appreciate the response and thus recommend a reduction of \$304.50 in fees.

4. We noted two hotel charges totaling \$888.64 that may be excessive. The entries are provided below.

C. Marraro - Hotel in NJ on 7/29-30/04 (1 night)	539.13
C. Marraro - Hotel in NJ on 8/10-11/04 (1 night)	349.51

Except for New York City and San Francisco, we recommend a ceiling of \$250.00 per day for hotel stays. We asked Wallace King to explain why these charges should not be viewed as excessive.

Wallace King responded as follows:

We accept the Fee Auditor's per diem limit on hotels and accept his reduction for the two hotel bills.

We appreciate the response and thus recommend a reduction of \$388.64 in expenses.

5. We noted eight meal entries totaling \$1,771.90 that may be excessive. The entries are provided below.

C. Marraro - Dinner in Buffalo, NY with Mr. Hogan and Mr. Hughes on 5/12/04 (3 people)	235.95
C. Marraro - Dinner in Buffalo, NY with Messrs. Hogan, Hughes and Emmett (4 people)	252.08
C. Marraro - Meals in NY with Messrs. Hughes, Emmett, Johns, Hogan 5/14 (4 people)	208.20
C. Marraro - Meals in Buffalo for trial (breakfast and lunch) on 5/15/04 (1 person)	65.05
C. Marraro - Dinner in NY with Mr. Agnello and Mr. Nagy on 7/7/04 (3 people)	292.50
C. Marraro - Dinner in Maryland with R. Fabricant on 7/16/04 (2 people)	187.40
C. Marraro - Dinner in NJ with M. Flax, J. Agnello and R. Davies on 8/10/04 (4 people)	248.97
C. Marraro - Dinner in Baltimore, MD with A. Nagy on 8/16/04 (2 people)	281.75

We recommend a ceiling of \$15 per person for breakfast, \$25 per person for lunch and \$50 per person for dinner. We asked Wallace King to explain why the entries listed above should not be viewed as excessive. The firm responded as follows:

We accept the Fee Auditor's ceiling on meals and his reduction for the 8 meals in question.


We appreciate the response and thus recommend a reduction of \$631.90 in expenses.

CONCLUSION

6. Thus we recommend approval of fees totaling \$356,693.30 (\$356,997.80 minus \$304.50) and costs totaling \$154,486.67 (\$155,507.21 minus \$1,020.54) for Wallace King's services from July 1, 2004, through September 30, 2004.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.


By: 
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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 3rd day of March, 2005.


Warren H. Smith

SERVICE LIST

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